"Non-paper" from Austria, Belgium, Bulgaria, France, Greece, Italy, Luxembourg, Poland, Romania, Slovakia and Spain on the new trade protection framework for the European steel industry

---

1. The European steel industry is facing a critical situation

The European steel industry is of major economic and social importance, providing 310,000 direct jobs and 2.2 million indirect jobs within the European Union. It is an essential upstream link in strategic value chains, such as automotive, energy, construction, and defense.

However, it is seriously threatened by a combination of structural challenges, particularly growing global overcapacities and the destabilization of the multilateral trade system by recent US measures. In 2023, with a historically low production of 126 Mt, the European steel industry has reached a worrying capacity utilization rate of 58% only. The situation has not improved in 2024, with production expected to reach 130 Mt. On the other hand, the OECD estimates global overcapacities to keep rising, from 600 Mt/year in 2024 to 720 Mt/year in 2027, an increase from 2.75 to 3.5 times the total European installed capacity. In this severely deteriorated context, the European steel industry must nevertheless make significant investments to modernize and decarbonize its production facilities.

The current safeguard measure is bound to expire in June 2026 and is no longer sufficient to protect the European steel industry from these issues. The gradual liberalisation of the measures diminished their effectiveness: duty-free quotas have gotten too high compared to the European domestic demand, which has since declined significantly. While steel imports into the EU remained broadly stable over the period, the entire decline in domestic demand fell on EU domestic production. We welcome the last functional review that came into force on April 2025 and which was carried out quickly and effectively at the joint request of 13 Member States; nevertheless, a more effective and ambitious mechanism is needed in order to ensure the viability of the European steel industry.

We are glad that the European Commission rightly identifies the key role of the steel industry, as well as its current vulnerability. In its "Steel and Metals Action Plan" published on March 2025, the Commission recognizes the need of a new "highly effective" mechanism to protect the European steel industry and to address market distortions caused by global overcapacity. It will also be useful in strengthening the European position in the ongoing transatlantic negotiations.

2. The new mechanism must be operational by January 1st 2026, and enable higher European capacity utilization rates by limiting the imports market share

We ask the Commission to submit, as soon as possible, a proposal for a new trade protection framework against harmful effects of steel overcapacity. In any case, this future framework must take place as soon as possible, **starting from January 1st 2026.**

The ambition, stated in the Steel and Metals Action Plan, of a highly effective level of protection must be translated into a reinforced ambition compared to current safeguard measures. It must create the conditions for the European steel industry **to get back to sustainable utilization rates, close to the target rate of 85% identified by the Commission in its action plan**. An effective way would be to limit, for a given level of European steel consumption, the market share allocated to imports.

During the 2012-2013 period, which precedes the crisis of global production overcapacity, the European steel sector had utilization rates above 80%, despite historically low domestic demand. We think these years are therefore the best recent reference period we can consider for the industry. Current EU consumption being at an equivalent or even lower level, the new trade protection framework for European steel should aim **to bring back the share of imports in EU consumption at the same levels as in 2012-2013, namely, for each product segment: 15% for flat steel, 5% for long steel, and 15% for stainless steel of EU current demand.**

The Commission should contemplate implementing an appropriate "melted and poured" rule of origin in the new trade protection framework, to enhance its effectiveness and address circumvention through minimal processing. It should also assess whether an increase of out-of-quota duty levels is appropriate to effectively limit the imports to the targeted market shares and should analyse the impact of a 50-%-duty.

If appropriate, an early expiry of the safeguard measure could be envisaged, coordinated with the entry into force of the new mechanism, in order to ensure the best possible protection for the EU steel industry as early as possible.

3. This new framework should take the shape of a tariff-rate quota system, with flexible volumes to adapt to European demand evolutions

Like current safeguard measures, the new framework would be made of duty-free tariff quotas, with additional customs duty on all imports beyond. In order to effectively limit the imports market share, these quotas need to be set at a significant lower level. Based on European steel demand in 2024 they would be 40 to 50 % lower than the current safeguard measures quotas.

Furthermore, to be fully effective, the new mechanism must apply to all third countries without exception. It must also enable various third countries to equitably share the duty-free quotas, preventing a small group of countries to pre-empt most of the volumes. Windfall effects such as progressive liberation, carry-over of unused quotas, or the differentiated management by national customs of requests for the allocation of duty-free volumes have to be firmly kept away of this new framework. The future mechanism will also have to be flexible enough to allow quota volumes to be adapted as needed, based on observed changes in European demand: in case of significant changes in demand whether upward or downward, quota volumes must be able to adjust, aiming to maintain a constant market share for imports.

Such a framework would be well balanced, as it takes into account the Union interest as a whole, including producers and users, as well as importers and consumers. It keeps protecting the interests of downstream industries by guaranteeing them access to a given duty-free volume for any product, and by containing the upward prices effect within a limited range. The Commission should carry out a thorough economic and legal assessment of the proposed mechanism, including its potential impact on downstream industries, as part of its design and implementation.

The Commission should also consider how best to frame the new mechanism in order to allow the European Union to present it as part of a WTO-compatible approach.

4. The future framework needs to be extended to currently uncovered products

Finally, the new mechanism should include all products covered by the current safeguard measures. We also consider that certain steel and iron products not covered by the current safeguard measure should be included within the scope of the new trade protection framework. These include, in particular, the following:

- Tubes, pipes and hollow profiles, of cast iron (CN 73 03 0010, 73 03 0090)
- Grain-oriented electrical steel sheets (CN 72 25 1100, 72 26 1100)
- Granules of pig iron, spiegeleisen, iron or steel (CN 72 05 1000)
- Stainless steel drawn wires (CN 72 23 0011, 72 23 0019, 72 23 0091, 72 23 0099, 77 22 4050)
- Grinding balls and similar articles for mils (CN 73 25 91, 73 26 11)
- Bearing tubes (CN 73 04 5110, 73 04 5930)
- Non alloy and other alloy forged bars (CN 7214 1000, 7228 1050, 7228 4010, 7228 4090)
- Other alloy wires (CN 72 29 2000, 72 29 9020, 72 29 9050, 72 29 9090)

The Commission should also continue to monitor imports of steel derivatives products and, in case the relevant conditions are met, expand the scope of the mechanism to include those derivatives for which a “highly effective” protection is also needed.